

“REA specification”, respectively, unless otherwise indicated.

[54 FR 13356, Apr. 3, 1989. Redesignated at 55 FR 39396, Sept. 27, 1990, and amended at 59 FR 66441, Dec. 27, 1994]

**§§ 1737.4—1737.9 [Reserved]**

**Subpart B—Preapplication Stage**

**§ 1737.10 Initial contact.**

Initial loan applicants seeking assistance should write the Rural Utilities Service, United States Department of Agriculture, Washington, DC 20250. A field representative will be assigned by RUS to visit the applicant and discuss its financial needs and eligibility. Existing borrowers initiate the contact directly with their assigned field representative. Borrowers consult with RUS field representatives and headquarters staff, as necessary.

**§ 1737.11 Preapplication determinations.**

Before submitting an application to RUS, the borrower should consider the following:

(a) *Area to be served.* The proposed service area should neither include subscribers already receiving adequate service from another telephone system nor leave out unserved pockets of potential subscribers who have indicated an interest in service and are located between the proposed system and neighboring systems. See 7 CFR 1735.11 on Area Coverage and 7 CFR 1735.12 on Nonduplication. In establishing service area boundaries, borrowers should consider the location of adjoining systems, natural boundaries such as rivers and mountains, and economic and cultural features such as trading and community centers.

(b) *Number of subscribers.* The borrower must estimate the number of subscribers that will request service from the proposed system.

(c) *Acquisitions.* A borrower considering an acquisition should refer to 7 CFR 1735.20 and RUS Bulletins 320–4, 321–2, 325–1, and 326–1.

(d) *Mergers and consolidations.* A borrower considering a merger or consolidation should refer to 7 CFR 1735.19.

(e) *Refinancing.* Restrictions on the use of loan funds for refinancing are contained in 7 CFR 1735.21.

(f) *Service for nonrural subscribers.* In some situations, RUS loan funds may be used to finance facilities to serve nonrural subscribers. See 7 CFR 1735.13.

(g) *Loan amount.* The initial loan request is based on the borrower’s best estimate of financing needs. RUS requires detailed studies by the borrower to complete the application and the initial estimate is subject to revision.

(h) *Loans for a portion of a system.* If it is impractical to finance facilities to provide adequate service throughout the borrower’s entire telephone service area, RUS will consider a loan application to finance improvements to a portion of a borrower’s system.

(i) *Telecommunications modernization plan.* A borrower applying for hardship or concurrent RUS cost-of-money and RTB loans should refer to 7 CFR part 1751, subpart B.

[54 FR 14626, Apr. 12, 1989. Redesignated at 55 FR 39395, Sept. 27, 1990, as amended at 58 FR 66256, Dec. 20, 1993]

**§§ 1737.12—1737.19 [Reserved]**

**Subpart C—The Loan Application**

**§ 1737.20 [Reserved]**

**§ 1737.21 The completed loan application.**

(a) The completed loan application consists of four parts:

- (1) A completed RUS Form 490.
- (2) A market survey called the Area Coverage Survey (ACS).
- (3) The plan and associated costs for the proposed construction, called the Loan Design (LD).

(4) Various supplementary information specified in 7 CFR 1737.22.

(b) The RUS field representative assists the borrower in assembling this information. Certain information is required from initial loan applicants but usually not from borrowers seeking subsequent loans. Borrowers are to submit all information in paragraph (a) of this section to their RUS field representatives, who will review and then forward the packages to RUS headquarters.